GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:179
ANSWERED ON:15.03.2005
COFFEE PRODUCTION/CONSUMPTION
Gowda Shri D.V. Sadananda;Shivanna Shri M

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether any special package has been announced recently in the interest of coffee-growers;

(b) if so, the details thereof;

(c) whether there has been any relaxation in the terms and conditions of loan repayment to banks;

(d) whether Government has issued instructions asking banks to take a lenient view of delayed repayment of loans;

(e) if so, the details thereof;

(f) the details of annual coffee production and consumption in the country during the last two years;

(g) whether Government have chalked out any strategy on export and domestic consumption; and

(h) if so, the details thereof alongwith funds earmarked for the purpose?

Answer

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI KAMAL NATH)

(a) & (b) : The Government is considering a special relief package for coffee sector mainly pertaining to credit related problems of coffee growers.

(c) to (h) : A statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (c) TO (h) OF LOK SABHA STARRED QUESTION NO. 179 FOR ANSWER ON 15.3.2005 REGARDING COFFEE PRODUCTION/CONSUMPTION

(c), (d) & (e) : Due to the problem of low prices, the coffee growers were unable to service their debt commitments owed to the financial institutions. On the intervention of the Government, the RBI had consolidated all the coffee term loans taken by coffee growers including interest as on 1.4.2002 into a single term loan called Special Coffee Term Loan (SCTL). To enable growers to service the various loan commitments, a moratorium period of three years was provided for repayment of principal for the SCTL starting from 2002-03. The interest on the SCTL was fixed at 11% or PLR whichever is less during the moratorium period. However, due to persistent low prices, banks deferred the payment of interest for the first two years of the moratorium period also. The Government has been frequently reviewing the SCTL package from time to time with the financial institutions with a view to easing the debt problem of the growers. As a result of such reviews, the time limit for implementation of SCTL was extended upto 31.3.2004 and in August, 2004, the RBI allowed the banks to re-schedule/restructure/roll over the interest due on SCTL as on 30.6.2004 by one year provided the growers paid the crop loans along with interest thereon. All coffee advances becoming NPAs for the first time as on 31.3.2001 were also brought within the purview of the SCTL package. Further, following the moratorium period, the SCTL is to be repaid in 7-9 years. Later, RBI also allowed a flexi repayment schedule by extending repayment period after the moratorium phase beyond 9 years.

(f) : The details of coffee produced and consumed in the country during the last two years are as follows:

Year	Production (approximate)	Consumption (approximate)
2002-03	275275 MTs	68000 MTs
2003-04	270500 MTs	70000 MTs

(g) & (h): Yes, Sir. To boost exports, the Government has provided support to various market development schemes of the Coffee Board aimed at raising the profile of Indian coffee in the international market and thereby increasing the value of exports. The medium term export strategy being implemented by the Coffee Board seeks to focus on the shifting of product mix in favour of Arabica and to ensure a competitive landed price for Indian coffee by reducing growing costs. It also attempts to maintain consistency in the quality of export of coffee and improve awareness of Indian coffee in target markets.

The Board has taken up various activities aimed at increasing domestic coffee consumption such as training courses, participation in national festivals and exhibitions, establishment of a high tech roasting & packaging facility in Coffee Board and promotion of sales through promotional units of the Board and periodic consumption audits.

For promotion of coffee consumption in the country and export of coffee, financial outlays of Rs. 16.60 crores and Rs. 22.60 crores respectively have been earmarked under the X plan period.